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C O N F I D E N T I A L SECTION 01 OF 03 PANAMA 000897

NOFORN  
SIPDIS

E.O. 12958: DECL: 11/20/2018

TAGS: [PGOV](#) [PREL](#) [PM](#)

SUBJECT: PANAMA POST: THE FIRST OPEN SOURCE CENTER  
COLLABORATION EDITION

REF: A. A) PANAMA 818  
    [B. B\)](#) PANAMA 725

Classified By: Classified by POLCOUNS Brian R. Naranjo. Reasons 1.4 (b), (c) and (d).

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Summary  
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[¶1.](#) (SBU/NF) Welcome to the revamped Panama Post, a new collaborative effort between Embassy Panama's Political Section (POL) and the Open Source Center (OSC). POL and OSC are cooperating to highlight the most salient story lines in recent OSC reporting, incorporate key insights garnered from POL's own reporting activities, and enhance the effectiveness of both POL's and OSC's products. In this edition of the Panama Post, our headlines are:

- Cabinet shake-up leaves Minister of Government and Justice Daniel Delgado Diamante (DDD) down, but not out for good;
- Democratic Change (CD) presidential candidate Ricardo Martinelli surging;
- Governing Revolutionary Democratic Party (PRD) too busy infighting to respond to attacks;
- PRD presidential primary loser Juan Carlos Navarro talking to Martinelli; and
- Panamenista Party presidential candidate Juan Carlos Varela playing nice.

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DDD out in cabinet shake-up, but not down for good  
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[¶2.](#) (SBU//NF) President Torrijos removed Minister of Government and Justice Daniel Delgado Diamante (DDD) and replaced him with Dilio Arica, who had been Minister of the Presidency (the rough equivalent of a palace chief of staff), on November 17. DDD's removal was part of a larger cabinet shake-up in which the Ministers of the Presidency, Commerce and Industry (MICI) and Agriculture were also replaced. This announcement comes less than a month after revelations that, thirty-eight years ago, DDD killed one of his subordinates

(REFTEL A). DDD, who did not dispute the basic facts in the case, consistently asserted that this case had been judicially reviewed and that he had been found innocent of murder. Panama City daily La Prensa, which broke the story, insisted that there was no evidence of such a finding of innocence. DDD lashed out at the newspaper with a libel and slander suit, though he was unable to produce any paperwork attesting to his innocence. In his latest move, DDD, asserting that his case file had been destroyed in a fire that had destroyed judicial archives, requested relief as the time period to reconstruct lost files had expired. Torrijos has made no statement on DDD's removal. Attorney General Ana Matilde Gomez announced that since DDD was no longer a government official, the case against him would be transferred from her office to that of a lower level prosecutor. (COMMENT: This may be a blessing in disguise for DDD, since the notoriously slow Panamanian justice system might not get to his case for years.)

¶4. (C) COMMENT: DDD's removal has emboldened the Citizen Democracy Network and others who have been beating the drum for the repeal of the security decrees, which they call "the DDD laws" (reftel B). New MOGJ head Arcia has said that his priority in this new post would be to reinforce the government's agenda on public security, and noted that the controversial security laws had been approved "according to the legal and political framework." Further, he noted that the fate of the laws was not in the hands of the executive branch, but rather the National Assembly. Arcia's position is disingenuous as the National Assembly is dominated by the governing PRD party and will not take action on anything without close coordination with the Executive Branch,

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particularly with respect to the security decrees. Arcia is a lifelong member of the governing PRD party and an end-of-administration placeholder for Torrijos. He can be expected to hew to the party line on all matters. END COMMENT.

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Martinelli surging  
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¶5. (U) Democratic Change (CD) presidential candidate Ricardo Martinelli leads the polls with 36.7 percent support, according to a poll conducted by Ipsos for Channel 13 and Panama America. He is trailed by PRD presidential candidate Balbina Herrera at 31.2 percent, and by the Panamenista presidential candidate Juan Carlos Varela at 11.4 percent.

¶6. (C) COMMENT: Martinelli's campaign continues to be the most dynamic, innovative and determined so far in this election contest. Martinelli, whose goal for the remainder of the year is to knock Varela out of the race, has very effectively relegated Varela to a distant third place. This supermarket magnate apparently has no financial problems in terms of implementing a well-articulated publicity campaign strongly attacking the PRD in general, the current government in particular, or Varela. Martinelli asserted to the Panama Post on November 21 that many inside the PRD (e.g., Panama City Mayor Juan Carlos Navarro) and Panamenista parties (e.g., Alberto Vallarino) were beating a path to his door. Even former President Mireya Moscoso, a Panamenista, was seeking accommodation with Martinelli, according Martinelli: "She wants two things: not to be named in the campaign and not to be indicted." Presently, Martinelli appears to be benefiting from the traditional bandwagoning effect in Panamanian politics. END COMMENT.

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PRD too busy infighting to respond  
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¶7. (SBU) As Martinelli rolls along, an uncharacteristically public and bitter spat within the PRD is keeping the ruling

party off-balance and off-message. Panama City Mayor Juan Carlos Navarro (JCN) recently came out against the controversial new security laws and has unleashed a string of criticisms and accusations at President Torrijos' administration over the increased crime rate. The offensive began on November 3, when Navarro said that a "tough hand" (mano dura) was necessary to deal with crime, and blamed Torrijos personally for his administration's failure in the fight against crime. Navarro later said that if the PRD loses the 2009 elections it would be Torrijos' fault. The usually disciplined and on-message PRD machine is uncharacteristically reeling from these accusations.

18. (C) COMMENT. The reasons for Navarro's outbursts are unclear, but theories abound. Recently, it has been reported that Torrijos is quietly pushing a constitutional amendment that would shorten the period of time during which a president would have to wait to run for reelection from 10 to 5 years, thus bringing Torrijos back in to the political mix in 2014, when it is otherwise assumed that Navarro would be the next PRD leader in line to run for the Presidency. Martinelli told the staff of the Panama Post that he and Navarro have formed an informal alliance with Navarro based on the shared objective of a PRD lose in 2009, which would remove Herrera and Torrijos as PRD leaders, leaving the road open to Navarro. "Navarro has nowhere to go," Martinelli explained. "If Balbina wins, he loses. If Torrijos succeeds in shortening the period before which he can run again to five from ten years, then Navarro also loses." This could explain Navarro's outbursts. Panamanista presidential primary also-ran Marco Ameglio told the Panama Post, "That Navarro has no scruples, absolutely none. He's a complete opportunist and would split the PRD and ally with Martinelli simply to save his own skin and keep open options to run in the future. He's been screwed too many times by the PRD, including by Torrijos and Balbina, to remain loyal." To the surprise of virtually all political observers, on November 26 Navarro announced that he would be Herrera's VP running mate, an announcement that Herrera herself promptly confirmed with her own announcement. END COMMENT.

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Navarro talking to Martinelli

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19. (C) Navarro had spoken with Martinelli about creating an alliance, the Panama Post learned from Jimmy Papadimitriu, a Martinelli advisor. Sporadic press reporting indicated some known Navarro followers have been seen about town conspiring with Martinelli's advisors. Indeed, in his public exhortations against Torrijos, Navarro echoed Martinelli's campaign themes: the need for a "tough hand" against crime and complaints about the high cost of food. Navarro has publicly denied any intention of leaving the PRD or that he is negotiating with Martinelli, but acknowledged receiving "many political offers." Herrera, for her part, was guarded in her comments, saying that she had no plans to choose a running mate until December. Navarro, though, gave Herrera until December 1 to make her choice. Reportedly, the National Executive Committee (CEN) of the PRD had an eight-hour conciliation meeting in which Navarro reiterated his support of the party, and his willingness to serve as Herrera's running mate. Needless to say, Panamanian political observers were stunned to learn on the afternoon of November 26 that Navarro had been chosen as Herrera's VP running mate.

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Varela playing nice

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110. (SBU) The "clean hands" (manos limpias) strategy of Panamanista presidential candidate Juan Carlos Varela has been lost in the maelstrom of Martinelli attacks and PRD

infighting. He is losing credibility and hasn't won over many voters. Various Panamenista party leaders are openly proposing the need to seek unity with the CD in order to achieve victory and gain an opposition legislative majority.

¶12. (C) "Where is he? What is he doing?" lamented Ameglio to the Panama Post. Ameglio, who is now working on Varela's campaign platform committee, complained that Varela was playing too nice and was incapable of attacking the PRD. "He focuses his fire on Martinelli, not the PRD. Why is he too ready to take on Moscoso, who flawed as she is was nonetheless the last Panamenista to hold the presidency, and yet refrains from attacking Torrijos?" Ameglio asked.

Ameglio also asserted that Varela was broke; "He and his brother Popi spent over USD 1 million on the (November 23) Panamenista convention. Sure he'll get a bounce, but how will they sustain it? Varela has no strategy and is waiting until January while Martinelli continues to run a smart campaign and has never lost his focus."

GILMOUR